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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000417

SIPDIS

FOR EAP/MTS AND INR

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TAGS: PGOV KDEM MY

SUBJECT: AMBASSADOR MEETS WITH ISLAMIC PARTY LEADERS IN TERENGGANU AND KELANTAN

REF: KUALA LUMPUR 414 -- AMBASSADOR'S TRIP TO TERENGGANU AND KELANTAN

Classified By: Political Counselor Mark D. Clark for reasons 1.4 b and d.

Summary

¶11. (C) The Ambassador met with senior Islamic Party of Malaysia (PAS) politicians Mustafa Ali and Wan Abdul Rahim during a May 19-21 visit to the northeast states of Terengganu and Kelantan (see reftel). Both veteran PAS leaders stated candidly that PAS, the only religion-based party in Malaysia, has to take the middle path if the party wants to remain relevant. PAS leadership views optimistically the future for the opposition, as the rise in younger voters and a more cooperative opposition are providing momentum, but PAS admits it must continue to work hard at it through the next general elections, which likely will not be held until 2013. Wan Rahim also provided some insights into the Sultan of Perak's recent decision to support the BN's takeover there. Both men commented that PAS was positive about President Obama and were giving the new U.S. administration time to register a more attractive record in the eyes of the PAS faithful.

¶12. (C) Comment. We were struck by the evident pragmatism of PAS leaders in the two states. There are no doubt limits to its flexibility, but PAS sees itself as a realistic alternative not only for the party faithful, but also in the opposition coalition as they seek to work cooperatively with PKR and DAP to constitute a serious challenge to UMNO at the next national election. End Summary and Comment.

PAS Likely to Continue Moderate Approach

¶13. (SBU) The Ambassador paid courtesy calls on two veteran PAS politicians: Mustafa Ali, the PAS party leader and election director for Terengganu; and Wan Rahim, the Member of Parliament (MP) in Kelantan's capital city of Kota Bharu who serves as the election strategist for PAS in Kelantan -- a state held by the opposition since 1990. Mustafa stated that PAS has to adopt a moderate approach if it wants to attract the support of non-Malay voters. Although Wan Rahim emphasized that the party's ultimate objective is to establish an Islamic state in Malaysia, the current political situation makes it impossible for the party to achieve that objective any time soon. For PAS to remain influential among the people, both Mustafa and Wan Rahim affirmed, their party leaders have decided on a pragmatic approach that puts a priority on maintaining good relations with their opposition partners People's Justice Party (PKR) and Democratic Action

Party (DAP) at the expense of a faster path to an Islamic state. Mustafa added that PAS and DAP have realized that if they do not cooperate, the opposition coalition has "zero chance" to wrest control of the federal government away from the ruling BN coalition.

PAS: Future Bright for Us, not UMNO

¶4. (C) Both leaders felt that the March 2008 general election was a watershed for the party, as non-Malay voters openly supported PAS for the first time. Each affirmed that despite the BN's attempts to create a rift between PAS and the mostly ethnic Chinese/Indian DAP, the opposition coalition has held firm, as demonstrated by strong Chinese and Indian support for PAS candidates in recent by-elections in Terengganu and Perak. Mustafa emphasized that the opposition cannot be complacent as UMNO leaders, especially Najib "with his mentor Mahathir," will continue to manipulate institutions to remain in power. He cited the situation in Perak as an example of UMNO's manipulation of the judiciary. (Note: in separate reporting we have made the case that Najib has separated himself from Mahathir in significant ways; Najib has to be wary of Mahathir, but he is not subordinate to or dependent upon Mahathir. End Note.)

¶5. (C) Mustafa also pointed out that young voters are more inclined to support the opposition while the trend among older voters is still with UMNO and the BN. UMNO's focus in the Malay heartland is what he described as "the politics of poverty," whereby UMNO repeatedly stresses that only it can take care of ethnic Malays, especially in the poorer rural

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areas. Wan Rahim echoed Mustafa's view that young voters have a strong affinity toward opposition parties. Both PAS leaders believe Najib will not call for an election before it becomes mandatory in June 2013, as it would be too risky for Najib and the BN any sooner. They both predicted that the opposition would make substantial gains in the next general election, with Wan Rahim commenting that the opposition could wrest control from the BN.

Perak

¶6. (C) Wan Rahim (please protect) offered his theory regarding the Sultan of Perak's decision to support the BN over the opposition in the recent takeover by the BN. Wan Rahim stated that the Sultan's family is heavily involved in business deals with timber and sand mining in Perak. If the BN is in power, that is lucrative for the Sultan's family as the BN would allow exclusive contracts for connected businesses, whereas the opposition would not. Despite such allegations, Wan Rahim felt that the opposition should wait for the next general election to retake Perak. Wan Rahim believes that any attacks on the Perak royalty would backfire on the party in the long run, especially in the Malay heartland. He added that the opposition should continue with its grassroots campaign and keep up momentum until the next general election.

PAS Views U.S. More Favorably Under Obama Administration

¶7. (SBU) Both PAS leaders stated that they are very optimistic about the Obama Presidency and that they have high hopes for the United States. Mustafa stated that at the upcoming PAS convention on June 5, the PAS President's speech will be less harsh towards the U.S., the first time this will occur in recent memory. Said Mustafa: "We want to give a chance to the Obama Administration." Wan Rahim went so far as to apologize for the criticisms by some PAS leaders, including Nik Aziz (see septel), targeting U.S. policies.

KEITH